

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00

USIE-00 INRE-00 PM-03 H-02 INR-07 L-02 NSC-05 PA-01

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O R 101603Z MAY 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 8699

INFO AMEMBASSY QUITO

AMEMBASSY LA PAZ

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E.O. 11652: N/A

TAGS: PFOR, ENRG, EINV, VE

SUBJECT: GULF OIL CASE - EFFECT ON NATIONALIZATION PROCESS

REF: CARACAS 4791

1. GULF OIL CHAIRMAN DORSEY'S MAY 7 TELEGRAM TO PRESIDENT PEREZ RECEIVED HEAVY AND GENERALLY FAVORABLE MEDIA PLAY. PRESIDENTIAL SECRETARY SCHACHT ANNOUNCED RECEIPT OF THE TELEGRAM AND SAID HE BELIEVED THAT IT WOULD SATISFY THE GOVERNMENT. ACTING FOREIGN MINISTER JOHN RAFAEL TOLD US THAT PRESIDENT PEREZ THOUGHT THE GULF RESPONSE MET HIS NEEDS.

2. POLITICAL PARTY SPOKESMEN ISSUED STATEMENTS TAILORED TO THEIR POSITIONS ON OIL NATIONALIZATION. AD PARTY SECRETARY GENERAL CAMACHE MATA DESCRIBED THE DORSEY TELEGRAM AS "ENTIRELY SATISFACTORY". CELESTINO ARMAS, AD PARTY MEMBER AND ACTING PRESIDENT OF THE CHAMBER OF DEPUTIES MINES AND HYDROCARBONS COMMISSION, WARNED THAT THE NATIONAL MUST BE ALERT TO OIL INDUSTRY ATTEMPTS TO CONFUSE AND CREATE DISCONTENT IN DEVELOPING COUNTRIES. COPEI, MEP, URD, AND MAS PARTY LEADERS INSISTED THAT AN IN-

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VESTIGATION IS STILL NEEDED. THE OPPOSITION GENERALLY MADE

THE POINT THAT GULF'S ALLEGED MISDEEDS REFLECT THE USUAL OPERATING STYLE OF U.S. TRANSNATIONALS AND JUSTIFY RESISTANCE TO THE GOVERNMENT'S PROPOSAL THAT THE NATIONALIZATION LEGISLATION INCLUDE PROVISION FOR THE POSSIBLE PARTICIPATION OF FOREIGN COMPANIES IN THE PETROLEUM INDUSTRY (ARTICLE 5).

3. AD SENATOR ALEJANDRO IZAGUIRRE COMMENTED TO THE AMBASSADOR THAT THE GULF AFFAIR, HOWEVER IT MIGHT TURN OUT, WOULD MAKE ARTICLE 5'S PASSAGE THROUGH THE CONGRESS THAT MUCH ROUGHER. OTHER EMBASSY SOURCES CLOSE TO THE PETROLEUM SCENE THOUGHT THE EPISODE AS SUCH WOULD HAVE LITTLE EFFECT ON THE PACE OR SHAPE OF OIL NATIONALIZATION.

4. ATTENTION HERE IS NOW FOCUSED ON SENATOR CHURCH'S FORTHCOMING HEARINGS AND ON THE WIDESPREAD ASSUMPTION THAT BOLIVIA IS THE COUNTRY AT ISSUE.
SHLAUDEMAN

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